



AOT in Action

Welcome to AOT in Action, your weekly e-newsletter from the Arizona Office of Tourism (AOT).

A Message from Director Sherry Henry:

Good afternoon,

This week, AOT launched www.DiscoverAZSpringTraining.com, a new visitor resource to encourage Cactus League Spring Training fans to discover what there is to see and do around the Grand Canyon State. As the boys of summer take to Arizona's Cactus League Spring Training fields to gear up for the upcoming Major League Baseball season, AOT is working diligently to encourage fans to travel to Arizona for a game or two, extend their stay and visit statewide attractions.

This playful ad campaign encourages people to explore the state through road trips and highlights travel opportunities such as golf, outdoor activities, spas, nightlife and dining experiences. For more information, please read the **AOT News** section below.

Have a great week!

Sherry Henry
Director, Arizona Office of Tourism

AOT News

Arizona Office of Tourism Launches Spring Training Website

This week, the Arizona Office of Tourism (AOT) launched a new resource for Major League Baseball (MLB) Spring Training fans helping them to discover Arizona's travel gems located beyond the baseball diamond.

Launched just in time for Cactus League fans to plan their trips to Arizona, the website, www.DiscoverAZSpringTraining.com, offers information on what to see and do around the

league's 10 baseball fields in addition to travel adventures throughout the entire state. Additionally, the site is mobile friendly for fans who want to access information on their smart phones.

Media buys for the campaign will be concentrated in Los Angeles and Chicago markets because of high attendance rates from these two cities and will include both traditional and digital media placements, as well as radio spots. Digital marketing efforts will extend the message beyond these cities into other Cactus League team cities.

Ads will also be included in newspaper inserts that will reach all Spring Training cities and will appear in the official Cactus League Spring Training publication. Additionally, campaign ads will appear in seven of the 10 spring training stadiums to further encourage travel outside of Maricopa County. For more information about Spring Training travel opportunities, visit www.DiscoverAZSpringTraining.com.

New Update to AOT's Research Web site!

The following items have been updated in the Research and Statistics section of AOT's business-to-business Web site www.azot.gov.

- [2010-2011 Wickenburg Tourism Study](#)
- [Airport Passenger Traffic November 2011](#)
- [National Park Visitation December 2011](#)

For additional information or questions, please contact Melissa Elkins, Research Manager, at 602-364-3716 or via e-mail at melkins@azot.gov.

SAVE the DATE: Governor's Conference on Tourism, July 11-13, 2012

The Arizona Governor's Conference on Tourism provides valuable networking opportunities, professional development sessions, nationally recognized speakers, a dedicated sponsor exhibit area and the Governor's Tourism Awards Dinner/Gala. The conference, which will be held at the Arizona Biltmore in Phoenix, is consistently attended by more than 500 Arizona tourism industry professionals. It is one of our industry's most significant opportunities to attain information on the latest trends affecting tourism. Look toward future editions of AOT in Action for registration information.

Upcoming Events & Activities

[Go West Summit](#)

Date: February 6 – 9

Location: Las Vegas, NV

[Authentic Arizona Southwest: Real Deal Ranches and the Rest Press Trip](#)

Date: February 27 – March 3

Location: Tubac, Sonoita, Elgin, Patagonia, Nogales and Sasabe

[AZAP FAM Tour](#)

Date: April 10-15

Location: TBA

Industry News

New Forecast Sees Better Occupancy for U.S. Hotel Business

An updated lodging forecast released by PricewaterhouseCoopers (PwC), reflecting better year-end results for 2011, anticipates pricing recovery to be the key driver of revenue per available room (revPAR) growth in 2012. Despite a year that was marked by macroeconomic uncertainty, and resulting shaky consumer and business confidence, hotels in the U.S. ended 2011 on a strong note.

Lodging performance exceeded expectations in the fourth quarter, in part due to a short-term uptick in economic activity. Hotels across the spectrum of price segments experienced occupancy and average daily rate (ADR) gains in 2011, reflecting the breadth of the recovery. Overall, hotel occupancy in 2011 recovered to 60.1 percent, slightly ahead of its 10-year average of 60 percent.

Despite a still-uncertain economic environment, improved occupancy levels and a recovery in travel are expected to give hotels the confidence to increase prices in 2012. PwC's latest lodging industry forecast expects revPAR growth of 6.5 percent in 2012, heavily driven by ADR increases.

PwC's quarterly lodging forecast reflects an updated macroeconomic forecast released earlier this month from Macroeconomic Advisers, LLC, which expects economic growth in the U.S. to continue to be weighed down by spillover effects from the sovereign debt crisis in Europe. Macroeconomic Advisers' outlook expects slow real gross domestic product (GDP) growth during the first half of 2012, followed by a gradual acceleration in economic activity, reaching an above-trend pace of 2.9 percent annualized growth by the fourth quarter.

In the face of a still-uncertain economic environment, the outlook for improved pricing in the lodging sector reflects the ongoing recovery of business travel, as well as gains in corporate events and other group business. As a result, lodging demand in 2012 is expected to increase 1.8 percent, which combined with restrained supply growth of 0.5 percent is expected to boost occupancy levels to 60.9 percent, the highest since 2007.

Increased confidence from occupancy gains, particularly in the higher-priced segments of the industry, is expected to allow hotels to achieve valuable increases in room rates. As a result, ADR is expected to increase by 5.1 percent in 2012, driving a revPAR increase of 6.5 percent.

"It will have been a five-year detour, but continued recovery in 2012 is expected to lift industry revPAR very close to its 2007 peak," said Scott Berman, principal and U.S. industry leader,

hospitality & leisure for PwC. “The steepest portion of the demand recovery is behind us with operators' focus on room rate becoming increasingly more important.” (*Travel Pulse*, January 23)

DOT Says Airline Consumer Protection Rules Set to Kick in This Week

The U.S. Department of Transportation (DOT) said starting this week airlines and anyone who sells airline tickets, including travel agents, must now include all mandatory taxes and fees in published airfares and disclose baggage fees to consumers buying tickets. In addition, all airline tickets are now essentially refundable for 24 hours after consumer book them, unless the flight is departing in less than a week. Passengers can either hold a reservation without payment or cancel a booking without penalty for 24 hours after the reservation is made if they make the reservation one week or more prior to a flight's departure date.

Other new rules taking effect this week include: airlines must notify passengers of flight delays of over 30 minutes, as well as flight cancellations and diversions, and they will generally be prohibited from increasing the price of passengers' ticket after it is bought. The new rules are also supposed to make it easier for passengers to determine the full price they will have to pay for air transportation prior to travel. Currently, airlines and ticket agents are allowed to publish ads that list government-imposed taxes and fees separately from the advertised fare, as long as these taxes and fees are assessed on a per-passenger basis. However, sometimes the notice of these taxes and fees is not obvious to consumers. This means airlines and travel agencies have to post fares as, for example, \$250 including \$50 of taxes and fees as opposed to \$250 plus \$50 in taxes and fees. This starts Thursday--all others start tomorrow.

In addition, airlines and ticket agents will be required to disclose baggage fees to consumers when they book a flight online. The first screen containing a fare quotation for a specific itinerary must show if there will be additional baggage fees, and inform consumers where they can go to see these fees. Information on baggage fees also must be included on all e-ticket confirmations, and for most trips the same baggage allowances and fees must apply throughout a passenger's journey. (*Travel Pulse*, January 23)

STR: Modest increases expected in '12, '13

The U.S. hotel industry is expected to report steady RevPAR increases in both 2012 and 2013, according to the most recent forecast from STR, in partnership with Tourism Economics.

Overall in 2012, the U.S. hotel industry's occupancy is expected to rise 0.5 percent to 60.4 percent, its average daily rate is projected to be up 3.8 percent to US\$105.45 and its revenue per available room is planned to increase 4.3 percent to US\$63.68.

“2012 may prove to be challenging for the U.S. hotel industry,” said Randy Smith, co-founder and chairman at STR. “There are a number of issues that will confront the industry and overall economy this year. We believe that given how well the hotel industry did during 2011, it will be difficult in 2012 to show significant growth. However, we remain optimistic the industry will continue to report modest increases in 2012.”

Supply in 2012 is expected to rise 0.8 percent and demand is projected to increase 1.3 percent.

"The economic environment remains turbulent as we move into 2012," said Adam Sacks, president of Tourism Economics. "While the U.S. economy is showing signs of sustained growth, the recession in Europe and a slowdown in emerging markets will dampen lodging performance. Given the strong room demand experienced in the past two years, we expect modest demand growth of 1.3 percent, while rates continue their long climb back to prior peaks with growth of 3.8 percent."

The forecast for 2013 includes:

- a 0.5-percent increase in occupancy to 60.7 percent;
- a 4.4-percent rise in ADR to US\$110.06;
- and a 4.9-percent growth in RevPAR to US\$66.81

In 2013 supply (+1.4 percent) and demand (+2.0 percent) are both expected to report growth. (*HotelNewsNow.com, January 24*)

Travel Leaders Agencies Expect Business Travel to Maintain or Grow

More than three-quarters of Travel Leaders agencies selling business travel project that their corporate bookings will either match or exceed last year's. Travel Leaders' annual Travel Trends Survey found that more business travelers are taking advantage of smart phone technology while they travel and that more business travel clients are purchasing "front of the plane" seats in 2012. "The most dramatic change in our survey data, compared to a year ago, has to do with first-class air travel," said Roger Block, CTC, president of Travel Leaders Franchise Group.

The survey also found that electronic boarding passes are getting more popular, with over 97 percent saying their business travel clients use electronic boarding passes. More specifically, over 81 percent say that at least 10 percent of their business travel clients use electronic boarding passes, while nearly 41 percent indicate that over 50 percent of their business travelers use electronic boarding passes.

More than half of agencies said 53 percent of travelers are now required by their companies to book at least seven days in advance. That was down from 56.8 percent last year. And a substantial number, 42.6 percent, are required to book 14 days in advance, well up for 29.5 percent last year.

The front of the plane is getting more popular, with 58.9 percent of agencies saying that 11 percent or more of their bookings were in first or business class and 37.8 percent said that between 1 and 10 percent of their bookings were in first or business class. The main reason for flying in coach was cost (89.1 percent). (*Travel Pulse, January 25*)

DOT Reports U.S. Airfares Up 6.2 Percent in Third Quarter

U.S. domestic airfares were up 6.2 percent in the third quarter, according to the U.S. Department of Transportation. The DOT figures came out just as several airlines reported growing profits in their quarterly reports, thanks in part to the fact that they've managed to increase ticket prices and are getting higher yields as a result.

Average domestic fares rose to \$361 in the third quarter of 2011, up from average fares of \$340 in the third quarter of 2010, but down 2.4 percent from the second quarter. Quarter-to-quarter changes can be the result of seasonal factors.

Without adjusting for inflation, the \$361 third-quarter 2011 average fares were up 0.5 percent from the previous third-quarter high of \$359 in 2008. Unadjusted third-quarter fares dropped to \$307 in 2009 during the recession. Third-quarter 2011 fares were up 17.5 percent from the 2009 low, not adjusted for inflation.

Third-quarter 2011 fares, not adjusted for inflation, were the second highest of any quarter, slightly below the high of \$370 in the second quarter of 2011. Adjusted for inflation, third-quarter 2011 fares in 1995 dollars were \$244, down 18 percent from the third quarter of 2000, which, at \$297, was the inflation-adjusted high for any third quarter since 1995. BTS air fare records begin in 1995.

Passenger airlines collected 71.4 percent of their total revenue from passenger fares during the third quarter of 2011, the most recent quarter available. Air fares in the third quarter of 2011 increased 7.1 percent from the third quarter of 2000, not adjusted for inflation, compared to an overall increase in consumer prices of 30.6 percent during that period. In the 16 years from 1995, air fares rose 25.5 percent compared to a 48.1 percent inflation rate. The average inflation-adjusted third-quarter 2011 fare in 1995 dollars was \$244 compared to \$288 in 1995 and \$297 in 2000.

Cincinnati had the highest average fare at \$488, while Atlantic City had the lowest at \$167. Bellingham, Wash., had the largest increase in fares at 18 percent, and Charleston, SC, had the largest decrease at 10.1 percent. (*Travel Pulse*, January 26)

U.S. Travel Association Launches Year-Long “Vote Travel” Campaign

The U.S. Travel Association has announced a year-long “[Vote Travel](#)” campaign designed to raise its profile across the nation and among policymakers in Washington, D.C. The Vote Travel campaign will have several important elements over the course of the year and will have a significant presence at the political party conventions this year in Charlotte, S.C., and Tampa, Fla.

Additionally, the campaign plans to host events and rallies nationwide, perform strategic grassroots outreach, and undertake paid, social and earned media efforts. It will build support for travel industry policy and advocacy priorities among policymakers and the general electorate. It will generate media attention surrounding the travel industry's impact on the U.S. economy, as well as state and local economies, including specific congressional districts. It will seek to increase the travel industry's visibility and relevance in Washington.

The campaign will also promote the critical importance of meetings and conventions at both the Democratic and Republican conventions, aiming at attendees and the media covering the conventions.

The campaign is designed to give its travel industry partners a way to tell the story of the travel industry's importance to the U.S. economy. It's also designed to build grassroots support for U.S. Travel and the Power of Travel Coalition through social media platforms.

U.S. Travel will use Twitter, Google and Facebook to engage with both travel industry professionals and those not in the industry who are supportive of travel.

"Travel supports more than 14 million jobs in local communities and states across the nation," said Roger Dow, president and CEO of the U.S. Travel Association. "By casting a vote for travel, our industry can increase jobs, help our economy recover and get America moving." (*Travel Pulse*, January 26)

Calendar of Events

Visit www.ArizonaGuide.com to find information on all the exciting [events, festivals and activities](#) held throughout the Grand Canyon State!

Connect with the Arizona Office of Tourism!

Become a fan on Facebook! <http://www.facebook.com/arizonatravel>

Follow us on Twitter! <http://twitter.com/ArizonaTourism>